

Message Text

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43

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FM AMEMBASSY TEHRAN

TO SECSTATE WASHDC 4391

UNCLAS TEHRAN 7813

E.O. 11652: N/A

TAGS: BEXP, IR

SUBJECT: COUNTRY COMMERCIAL PROGRAM

REF: A. TEHRAN 7738; B. STATE 210889

1. CAMPAIGNS DIRECTED AT OBJECTIVES OF CCP WILL DERIVE LARGELY FROM TARGETS AND PROJECTS OF IRAN'S FIFTH PLAN, MAJOR PETROLEUM INDUSTRY PROJECTS, LARGE US-IRANIAN JOINT VENTURE PROJECTS. MILITARY SALES, WHICH INCLUDED IN OTHER CCP'S, NOT APPROPRIATE FOR IRAN DUE POLITICAL IMPLICATIONS. HOWEVER, POLITICAL SECTION AND MILITARY MISSION MAXIMIZING US SHARE OF ACTION WITH HIGH EFFICIENCY.

2. DUE TO WAY LARGE PROJECTS AND BUSINESS DEALS ADMINISTERED IN IRAN, OVERT, CLEAR-CUT CAMPAIGNS NOT POSSIBLE IN MANY CASES. LARGE FIRMS AND GOI AGENCIES ALMOST INVARIABLY CONDUCT NEGOTIATIONS UNDER COVER SECRECY AND WHEN EMBASSY INVOLVED, IT MUST EXERCISE EXTREME CARE NOT TO DISSEMINATE DATA OR INFORMATION IT RECEIVES UNDER CONDITIONS OF PRIVILEGE. THIS NOT ONLY TRUE IN CASE IRANIANS BUT ALSO OF US COMPANIES, OF WHICH MOST LARGE ONES EITHER HAVE RESIDENT REPS OR COMMUTING EXECUTIVES. EXTRAORDINARY IMPORTANCE OF BUSINESS CONFIDENTIALITY FURTHER COMPLI-CATED BY HIGH SENSITIVITY OF IRANIANS, WHO ARE QUICK TO CUT OFF ANYONE WHO DOES NOT "PLAY THE GAME". EMBASSY MUST AT LEAST RECOGNIZE SUCH WAY OF LIFE IF IT EXPECTS TO RENDER MAXIMUM SER-UNCLASSIFIED

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VICE TO AMERICAN INTERESTS AND INDEED TO MAINTAIN HIGH LEVEL OF GOOD WILL NEEDED IN CONNECTION WITH OTHER MORE ROUTINE ACTIVITIES SUCH AS OPERATION TDC, ORGANIZATION AND PARTICIPATION IN TRADE FAIR, ADMISSION OF TRADE MISSIONS, AND LIKE. SUCH

CONDITIONS AND PRESENCE OF VORACIOUS, ACTIVE, AND INGENIOUS COMPETITORS FROM EUROPE AND JAPAN FREQUENTLY REQUIRE THAT ESTABLISHED TARGETS AND CAMPAIGNS BE SCRAPPED ON MOMENT'S NOTICE AND AD HOC ACTIONS AND APPROACHES BE TAKEN QUICKLY BY EMBASSY.

2. IN VIEW FOREGOING, SOME OF PROPOSED CAMPAIGNS THAT FOLLOW MAY NOT APPEAR ENTIRELY CLEAR-CUT IN PRESENTATION.

3. CAMPAIGN NO.1 - EXPORT PROMOTION: POWER GENERATION AND DISTRIBUTION EQUIPMENT AND ENGINEERING.

BACKGROUND: US POSITION IN POWER GENERATION IN IRAN SOLID. GENERAL ELECTRIC HAS ERECTED SOME 900 MW CAPACITY AND ENJOYS GOOD REPUTATION. COMPETITION FIERCE FROM WESTERN EUROPE, USSR, AND JAPAN. DURING FIFTH PLAN, ADDITIONAL 4000 MW GENERATION PROJECTED PLUS \$255 MILLION TO BE SPENT ON DISTRIBUTION AND RURAL ELECTRIFICATION. GERMANS AND FRENCH HAVE PROPOSED PLANT TO MAKE SWITCH AND DISTRIBUTION GEAR. US COMPANIES APPROACHED BUT APPARENTLY NOT INTERESTED AT PRESENT. OTHER SPECIFIC PROJECTS NOT DISCLOSED YET BUT SOME EXPECTED NEXT FEW MONTHS. MOST PROCUREMENT PROBABLY BY INTERNATIONAL TENDER.

TARGETS:

- 1) ACHIEVE MAXIMUM INCLUSION US SPECIFICATIONS AND SYSTEMS IN TENDER SPECIFICATIONS FOR POWER EQUIPMENT.
- 2) CONTINUE TO PRESS US COMPANIES TO SUBMIT PROPOSALS FOR PRODUCTION SWITCHGEAR AND DISTRIBUTION EQUIPMENT IN IRAN.
- 3) DEVELOP INFORMATION ON SPECIFIC PROJECTS WITHIN NEXT SIX MONTHS.

PAYOFF: UNTIL INDICATION SCOPE AND TIMING PROJECTS KNOWN, QUANTIFICATION PAYOFF ONLY GUESSWORK. DURING REMAINDER FY '74 \$20 TO 30 MILLION ACTUAL SALES OF EQUIPMENT AND SERVICES MIGHT BECOME AVAILABLE TO US FIRMS.

4. CAMPAIGN NO.2: EXPORT PROMOTION -- HEALTH CARE AND HOSPITAL EQUIPMENT AND ENGINEERING.
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BACKGROUND: UNDER FIFTH PLAN, INCREASE OF 24,000 HOSPITAL BEDS PROJECTED, EXCLUDING MILITARY INCREASES WHICH ALSO ESTIMATED AT SEVERAL THOUSAND BEDS. MOREOVER, PRESENT 300 RURAL DISPENSARIES TO BE UPGRADED IN TERMS STAFFING AND EQUIPMENT; ALSO ADDITIONAL 300 NEW DISPENSARIES TO BE BUILT AND EQUIPPED. TOTAL HEALTH EXPENDITURE ABOUT \$1.75 BILLION PLUS SOME 200 MILLION IN TECHNICIAN TRAINING. INDIVIDUAL HOSPITAL PROJECTS BEING ACTIVELY DEVELOPED BY MILITARY AND CIVILIAN GROUPS IN VARIOUS PARTS OF COUNTRY. AMERICAN HEALTH CARE, LABORATORY AND HOSPITAL EQUIPMENT WELL KNOWN AND ACCEPTED (IF NOT PREFERRED) IN IRAN. COMPETITION MOSTLY FROM WESTERN EUROPE, GERMANY, FRANCE DENMARK). EXPERIENCE ATUSIME '72 HIGHLY SUCCESSFUL, INDICATING FURTHER ADVANTAGES SHOULD OBTAIN AT PRESENT IN LIGHT

DEVALUATIONS.

TARGETS: 1) MOUNT MEDEX '73 IN TEHRAN TDC AND FOLLOW-UP
RESULTING PROSPECTS AND EXPRESSIONS INTEREST.

2) WITH COOPERATION ARMISH/MAAG FOLLOW-UP APPROACHES
MADE TO MILITARY REGARDING DESIGN AND EQUIPMENT HOSPITALS
BEING PLANNED OR CONSTRUCTED.

3) FOLLOW-UP 200 BED HOSPITAL BEING PLANNED BY PRIVATE
GROUP IN TABRIZ. CONSUL ALREADY INTIMATELY INVOLVED WITH
PLANNERS/BUILDERS.

4) PRESS FOR ACCEPTANCE BY MINISTRIES LABOR AND EDUCA-
TION OF TRAINING PROPOSALS MADE BY US FIRMS.

PAYOFF: DURING FY '74 COMMITMENTS \$40 MILLION IN EQUIPMENT
SHOULD BE OBTAINED. TRAINING PACKAGE CURRENTLY BEING PUSHED
INVOLVES \$27 MILLION OF WHICH PART WOULD BE HEALTH AND LABORA-
TORY TRAINING.

5. CAMPAIGN NO. 3: EXPORT PROMOTION -- AGRIBUSINESS.

BACKGROUND: UNDER FIFTH PLAN AND BY DIRECTION OF SHAH, AGRI-
CULTURE/AGRIBUSINESS GIVEN TOP PRIORITY FOR DEVELOPMENT. EXPENDI-
TURE SOME \$4 BILLION PLANNED WITH STRONG EMPHASIS PROTEIN PRODUC-
TION. INTRODUCTION INTENSIVE PRODUCTION METHODS IN 300,000
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HECTARES DEVOTED TO FOOD AND FEED GRAINS, ANIMAL PRODUCTION AND
MEAT PROCESSING, GOOD PROCESSING AND LIKE. US INTEREST IN
SECTOR ALREADY SUBSTANTIAL AND HAS ESTABLISHED RESPECT FOR
AMERICAN METHODS AND KNOW-HOW. MINAG HAS CONTRACTED SERVICES
USDA TEAM LIVESTOCK EXPERTS AND FURTHER INPUTS AMERICAN KNOW-
LEDGE EXPECTED.

TARGETS: 1) WITH COOPERATION USDA, AT SECOND TEHRAN INTERNA-
TIONAL TRADE FAIR MOUNT LIVESTOCK EXHIBITION AND REPRESENTATIVE
LINE US MEAT PROCESSING, PACKING AND PREPARATION MACHINERY.
RELATED EXHIBITS WILL COVER BROAD RANGE GOODS AND SERVICES
(VETERINARY DRUGS, INDUSTRIAL AND HOUSEHOLD APPLIANCES, TOOLS,
CLOTHING, ETC.)

2) WITH COOPERATION USDA AND LOCAL SUPERMARKET CHAIN
MOUNT "AMERICA FORTNIGHT" FOLLOWING FAIR. AMERICAN HIGH-
QUALITY PREPARED FOODSTUFFS AND OTHER ITEMS TO BE FEATURED.
PRELIMINARY COMMITMENT \$250,000 IN IMPORTS OBTAINED FROM CHAIN.

PAYOFF: SALES LIVESTOCK TO BE DISPLAYED AT EXHIBITION ALREADY
ASSURED FROM VARIOUS QUARTERS AND SHOULD MAKE VALUABLE PROMO-
TIONAL CONTRIBUTION TO EXPECTED SALES OF 200,000 HEAD DURING
NEXT FIVE YEARS. SALES OF MACHINERY AND OTHER PRODUCTS COULD

REACH \$15 TO 20 MILLION.

6. CAMPAIGN NO. 4: EXPORT PROMOTION -- AUTOMOTIVE TESTING
DIAGNOSTIC EQUIPMENT AND ENGINE OVERHAUL MACHINERY.

BACKGROUND: APPROXIMATELY 550,000 AUTOMOTIVE VEHICLES REGISTERED IRAN AT PRESENT. INCLUDING SOME 200,000 COMMERCIAL AND 12,000 TAXIS IN TEHRAN ALONE. MODERN SERVICE OR OVERHAUL FACILITIES PRACTICALLY NON-EXISTENT, WITH ONLY ONE REAL SERVICE STATION OPERATING IN TEHRAN. DEADLINE AND DOWN TIME FOR TAXIS AND BUSES EXCESSIVE. QUALITY SERVICE AND REPAIR WORK LOW BY ANY STANDARDS WITH POORLY TRAINED, ILL-EQUIPPED MECHANICS RELYING HEAVILY ON INSTINCT AND EXCESSIVELY CRUDE REPAIR METHODS. EXISTENCE ONE ENGINE OVERHAUL FACILITY ALONE WOULD BE HIGHLY PROFITABLE TO OPERATORS AND EQUIPMENT SUPPLIERS.

TARGETS: 1) MOUNT ONE TDC EXHIBIT DURING 1974 WITH POSSIBLY ATTENDANT SEMINARS AND DEMONSTRATIONS ON DIAGNOSIS, REPAIR, UNCLASSIFIED

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AND MAINTENANCE.

2) WITH COOPERATION CAR AND TIRE MANUFACTURERS, CALL ON BIGGESTS GARAGES FOR PURPOSE INTRODUCING EQUIPMENT.

3) DISCUSS WITH MINLABOR AND MINEDUCATION POSSIBILITIES INCORPORATING AMERICAN METHODS AND STANDARDS IN VOCATIONAL TRAINING CURRICULA.

PAYOFF: BECAUSE NOVELTY OF LINE AND DEEPLY ROOTED RELIANCE ON SMALL NEIGHBORHOOD GARAGE SHOPS, PAYOFF FIRST YEAR NOT EXPECTED LARGE. FIVE MILLION DOLLAR SALES MIGHT BE ACHIEVED BUT SUMS SHOULD RISE AS EDUCATIONAL PROCESS DEVELOPS.

7. RAPID AND UNEXPECTED DEVELOPMENTS IN DYNAMIC IRANIAN ECONOMY IN NEXT FEW YEARS WILL, AS IN PAST (TRANSCO JOINT VENTURE GOOD EXAMPLE) UNDOUBTEDLY PRESENT NEW

<< END OF DOCUMENT >>

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